

## Message Text

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PAGE 01 STATE 220151

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ORIGIN EB-07

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 SS-15 AID-05 AGR-05

AGRE-00 /068 R

DRAFTED BY EB/IFD:JAWINDER/D:RPOATS

APPROVED BY D:CWROBINSON

AID - PBIRNBAUM

NEA - CNAAS (SUBS)

IO - DDAUGHERTY (SUBS)

EB - PHBOEKER

S/S-APSHANKLE

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY ROME

USMISSION USUN NEW YORK

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E.O. 11652: N/A

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SUBJECT: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

REF: TEHRAN 8941

1. AS EMBASSY IS AWARE, LITTLE PROGRESS HAS BEEN MADE IN RESOLVING OUTSTANDING ISSUES OF LEVEL AND OPEC/DAC PROPORTIONS OF CONTRIBUTIONS TO THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT. DEPARTMENT BELIEVES THAT INITIATIVE BY MAJOR OPEC POLITICAL FIGURE IS REQUIRED TO PREVENT PROLONGED IMPASSE WITH POTENTIALLY SEVERE ADVERSE EFFECTS ON NORTH-SOUTH AND US-OPEC RELATIONS. AMBASSADOR  
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PAGE 02 STATE 220151

IS REQUESTED AT EARLIEST OPPORTUNITY TO REOPEN DISCUSSION

OF THIS SUBJECT WITH THE SHAH, AS FOLLOW-UP TO AUGUST 6 COMMENTS BY SECRETARY KISSINGER, SEEKING TO INDUCE THE SHAH TO TAKE INITIATIVE IN AVERTING IMPASSE.

2. EMBASSY HAS ESSENTIAL BACKGROUND. SUGGESTED TALKING POINTS FOLLOW:

-- AS H.I.M. IS AWARE, CONSIDERABLE PROGRESS HAS BEEN MADE TOWARD THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT. ARTICLES OF AGREEMENT HAVE BEEN APPROVED BY A PLENIPOTENTIARY CONFERENCE. PLEDGES OF

935 MILLION DOLLARS HAVE BEEN MADE TOWARD THE AGREED TOTAL OF 1 BILLION DOLLARS.

-- IT WOULD BE TRAGIC IF A SIGNIFICANT ACTION TAKEN BY THE 1974 WORLD FOOD CONFERENCE, BASED ON THE FORESIGHTED PROPOSAL OF YOUR MAJESTY, WERE TO BOG DOWN WHEN IT IS SO CLOSE TO REALIZATION.

-- THE UNITED STATES HAS ENTHUSIASTICALLY SUPPORTED IFAD, AS YOU HAVE, BECAUSE IT CAN CONTRIBUTE TO SOLUTIONS OF A FUNDAMENTAL PROBLEM OF THE POOR COUNTRIES AND OFFERS A UNIQUE OPPORTUNITY FOR COOPERATIVE EFFORT BY OPEC AND OECD COUNTRIES.

-- VERY EARLY IN THE PROCESS OF RAISING FUNDS, THE U.S. CONGRESS BEGAN CONSIDERING, AND SUBSEQUENTLY PASSED, LEGISLATION TO PROVIDE UP TO 200 MILLION DOLS. OF IFAD'S CAPITAL. BECAUSE WE WERE RESPONDING TO AN OPEC INITIATIVE, THE CONGRESS PROVIDED THAT THE U.S. CONTRIBUTION SHOULD BE ABOUT 20 PERCENT OF THE TOTAL 1 BILLION DOLS., WITH THE UNDERSTANDING THAT ABOUT HALF WOULD BE PROVIDED BY OPEC COUNTRIES. THROUGHOUT THE NEGOTIATIONS, IT WAS EXPECTED THAT THE TWO DONOR GROUPS WOULD SHARE RESPONSIBILITY FOR FINANCING THE 1 BILLION DOLLAR TARGET CONSISTENT WITH THE UNDERLYING VOTING STRUCTURE.

-- THE UNITED STATES WAS DISAPPOINTED, THEREFORE, THAT THE OPEC FINANCE MINISTERS HAVE TAKEN THE POSITION THAT LIMITED OFFICIAL USE

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PAGE 03 STATE 220151

OPEC COUNTRIES WOULD CONTRIBUTE 400 MILLION DOLS. PROVIDED THAT OECD COUNTRIES MUST CONTRIBUTE 600 MILLION DOLS.

-- THE TOTAL OF OECD COUNTRY PLEDGES NOW EXCEEDS 530 MILLION DOLS., AND UN SECRETARY GENERAL WALDHEIM'S CURRENT RENEWED APPEAL FOR FUNDS MAY SUCCEED IN RAISING THIS FIGURE SOMEWHAT.

-- I BELIEVE THAT WE CAN SATISFY U.S. CONGRESSIONAL GUIDELINES ON ROUGH EQUALITY IF THE OPEC COUNTRIES CONTRIBUTION IS \$450 MILLION AND OTHER COUNTRIES \$550 MILLION. IF THE POSITION TAKEN BY THE OPEC FINANCE MINISTERS AT VIENNA IS SUSTAINED, HOWEVER, WE FACE A PROLONGED IMPASSE.

-- SEPTEMBER 30 IS WALDHEIM'S DEADLINE FOR REPORTING SUCCESS OR FAILURE IN RAISING THE \$1 BILLION AND ACHIEVING A MUTUALLY AGREEABLE BALANCE OF CONTRIBUTIONS. HE FACES FAILURE UNLESS AN ACT OF STATESMANSHIP SETS ASIDE THE POSITION TAKEN BY THE OPEC FINANCE MINISTERS.

-- WE BELIEVE YOUR MAJESTY IS UNIQUELY CAPABLE OF PROVIDING THIS LEADERSHIP AND OF MOBILIZING THE NECESSARY ADDITIONAL CONTRIBUTIONS FROM THE OPEC GROUP.

-- WITH THE RESOLUTION OF THE FUNDING PROBLEM, IFAD CAN BE LAUNCHED. AS YOU KNOW, THE PRESIDENCY OF INTERNATIONAL DEVELOPMENT FINANCE INSTITUTIONS NORMALLY GOES TO A QUALIFIED CANDIDATE FROM THE COUNTRY MAKING THE LARGEST CONTRIBUTION. ASSUMING SATISFACTORY RESOLUTION OF THE FUNDING ISSUE, THE UNITED STATES WILL FOREGO THAT PRIVILEGE IN THIS CASE AND SUPPORT A QUALIFIED NOMINEE OF THE OPEC COUNTRY MAKING THE LARGEST CONTRIBUTION. PERHAPS YOUR PROSPECTIVE CANDIDATE COULD BE EMPLOYED IN THE NECESSARY CONSULTATIONS TO RESOLVE THE FUNDING ISSUE. ROBINSON

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